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**State Government Committee**

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**HB 1511**

**Brief Description:** Including public hospital districts in alternative public works contracting procedures.

**Sponsors:** Representatives Haigh, Armstrong, Wallace and Ruderman.

**Brief Summary of Bill**

- Public hospital districts with total revenues over \$15 million per year are added to the list of entities eligible to use alternative public works contracting procedures.
- The public hospital district project review board (review board) is created.
- Public hospital districts may use the general contractor/construction manager procedure for public hospital district capital demonstration projects if the project is approved by the review board.
- The review board may not approve more than ten demonstration projects valued over \$5 million, of which at least two must be valued between \$5 million and \$10 million.

**Hearing Date:** 2/11/03

**Staff:** Katie Blinn (786-7114).

**Background:**

Public works projects include construction, building, renovation, remodeling, alteration, repair or improvement of real property. The method by which contracts for public works projects are awarded is based on the estimated cost of the project and the size of the public entity.

Several state agencies and local governments are authorized to use the alternative public works contracting procedures to award contracts over \$10 million. One procedure is the "design-build" procedure and the other is the "general contractor/construction manager" (GCCM) procedure. The following government entities are eligible to use either procedure:

- Department of General Administration;
- University of Washington;

- Washington State University;
- cities with over 70,000 people and public authorities chartered by those cities;
- counties with over 450,000 people;
- public utility districts with revenues from energy sales over \$23 million per year; and
- port districts with total revenues over \$15 million per year.

The government entity must include a number of details in the request for proposals, such as a detailed description of the project, the reasons for using the design-build or GCCM procedure, a description of the qualifications required of the bidder firm, a description of the process the government entity will use to evaluate the proposals, and the form of the contract.

The design-build procedure is a multi-step competitive process to award a contract to a single firm that agrees to both design and build a public facility that meets specific criteria. The contract is awarded following a public request of proposals for design-build services. Following extensive evaluation of the proposals, the contract is awarded to the firm that submits the best and final proposal with the lowest price.

Under the GCCM procedure, a contract is awarded to a single firm for a guaranteed construction cost after competitive selection. The contract is to provide services during the design phase, and to act as both the construction manager and the general contractor during the construction phase. Use of the GCCM procedure requires that the project meet specified criteria, such as the success of the project necessitates involvement of the GCCM during the design stage. Following an extensive evaluation process, the government entity must award the contract to the firm that submits the final proposal scoring the highest based on outlined evaluation factors. The maximum construction cost guaranteed by the GCCM is negotiated between the parties after the scope of the project is adequately determined. In addition to the procedures listed above, school districts may use the GCCM procedure for the construction of school district capital demonstration projects if the project is approved by the school district project review board. The school district project review board may not authorize more than ten demonstration projects valued over \$5 million, of which at least two must be valued between \$5 million and \$10 million.

The alternative public works contracting procedures expire July 1, 2007.

### **Summary of Bill:**

Public hospital districts with total revenues over \$15 million per year are added to the list of government entities eligible to use the alternative public works contracting procedures.

The public hospital district project review board (review board) is created to select and approve qualified projects based upon an evaluation of the information submitted by the hospital district. The members of the review board include representatives from:

- the department of health;
- the office of financial management;
- the construction industry;
- organized labor;

- the design industry;
- a jurisdiction already authorized to use the alternative public works contracting procedures; and
- large and small public hospital districts.

Similar to school districts, public hospital districts may use the GCCM procedure for the construction of public hospital district capital demonstration projects if the project is approved by the review board. The review board may not approve more than ten demonstration projects valued over \$5 million, of which at least two must be valued between \$5 million and \$10 million.

A public hospital district seeking to use the GCCM procedure must file an application with the review board. The review board shall approve or disapprove the application based on, at a minimum, the following criteria included in the application:

- a detailed description of the proposed project;
- the projected total budget for the project;
- the detailed costs;
- the anticipated project design and construction schedule;
- a summary of the district's construction activity for the preceding six years;
- an explanation of why the district believes that the use of GCCM is in the public interest;
- an explanation of why the district is qualified to use the GCCM, including a summary of the relevant experience of the district's management team; and
- any other information requested by the review board..

**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect ninety days after adjournment of session in which bill is passed.